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Report on comprehensive post classification at UNOPS and proposals concerning implementation of the recommendations

Summary

The Executive Director proposes a comprehensive package of post reclassifications to conform to United Nations job standards and to reflect the operational realities of the United Nations Office for Project Services (UNOPS). Existing gaps hamper optimal performance and the ability of the organization to contribute to United Nations development, peacebuilding and humanitarian operations.

Based on the consultant's report, a number of posts are proposed for upgrade or downgrade. The most important upgrades include an Assistant Secretary-General position for the Deputy Executive Director and D-2 positions for five regional directors and the directors of finance, human resources and procurement. Five deputy regional directors will be placed at D-1 level. Operations Centre directors with large and complex portfolios are consistently placed at the D-1 level, whereas operations centre managers in other locations will be at P-5 level, across the board. The oversight and policy functions have been enhanced to appropriate levels, including, notably, an upgrade of the head of internal audit to D-1.

The estimated costs of the proposed changes, if all are implemented as of 1 March 2009, is $1.045 million, or an increase of some 1.7 per cent over the total approved biennial administrative budget for the 2008-2009 biennium. This additional expenditure should contribute to the ability of UNOPS to meet its net revenue targets. Due to its fully self-financing status, UNOPS seeks no external funding to meet these costs.

Elements of a decision

The Executive Board may wish to approve the proposed post reclassifications and the associated increase in the 2008-2009 biennial administrative budget of up to $1,045 million, while reaffirming the net revenue target for the 2008-2009 biennium of $13,834 million.

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Contents

Chapter		Page
I.	Rationale for post classifications	2
II.	Steps taken to conduct the classification exercise	3
III.	Proposed post classifications	3
IV.	Financial implications and implementation of the results	4

I. Rationale for post classifications

1. Since its institutional independence in 1995, UNOPS has developed its organizational and job frameworks in an ad-hoc and incomplete manner. As a result, gaps in capacities hamper optimal performance and the ability of the organization to craft policies and contribute to the United Nations development, peacebuilding and humanitarian operations.

2. In its haste to prove itself as a new member of the United Nations family and cater to the growing service demands of partner organizations, the post levels at UNOPS were only sporadically classified and were deliberately set at unreasonably low levels, ossifying over time into long-lived situations. Regrettably, most core posts at UNOPS have never undergone a rigorous, holistic, professional classification exercise.

3. One reason such an exercise has not heretofore been undertaken is that the UNOPS business model does not conform to those of other United Nations system organizations. UNOPS is fully self-financed, and therefore 'bottom line' concerns, most notably during the many loss-making years in UNOPS history, have dominated the logic of post classification to date, resulting in a staffing table that is primarily cost-based, rather than function- or talent-based. Furthermore, the need for flexibility to adapt to changing business environments has not encouraged setting and sustaining fixed classification levels, even for the core staff of the organization.

4. Retention of personnel at UNOPS lags far behind comparable organizations in the United Nations system and the private sector (UNOPS saw a 25-30 per cent turnover in the last biennium, contrasted with an average of 5-10 per cent for its United Nations counterparts). High turnover often creates periods when posts are unfilled, usually followed by induction and transition periods marked by lower productivity; it adds costs for repeat recruitment, training, assignment grants and other installation entitlements, and the end-of-service benefits associated with personnel movements in and out of the organization. The classification now in use is therefore not only ad hoc and misaligned with applicable United Nations standards, it is also a heavy burden to UNOPS in terms of business continuity and, paradoxically, on the biennial administrative budget. It is therefore essential that the proposed changes be approved, with immediate effect.

5. Proper classification of posts will help solve the capacity and retention problems that impede UNOPS performance and growth potential. Harmonizing the grades for UNOPS posts with those of other United Nations entities will 'level the playing-field' within the United Nations system, facilitate the creation and retention of knowledge and capacity in UNOPS, and ensure that staff are properly rewarded for their work.

II. Steps taken to conduct the classification exercise

6. Following consultations with the United Nations Office for Human Resources Management (OHRM), UNOPS developed customized terms of reference (see annex 1, available on the Executive Board website) for the post classification assignment. OHRM provided a list of appropriate consulting companies and individual consultants, from which a selection was made on the basis of "full technical compliance at an acceptable price".

7. A team of four consultants conducted a comprehensive review of all 193 international posts approved by the Executive Board, following the recommendation of the Advisory Committee on Administrative and Budgetary Questions for the 2008/2009 biennium. All four consultants are former, long-serving, United Nations staff with extensive experience in job design, post classification and compensation in the United Nations system (in fact, one of the consultants developed the standards for United Nations job classification, which were approved in 2004 and are still in use).

8. The scope of the exercise included in-depth interviews with managers from each business unit at headquarters and all regional offices and, as applicable, with other personnel. Each job description was reviewed and placed in its appropriate context, based on the organizational flow chart of each business unit. The consultants also wrote job descriptions for those posts that lacked them, and developed new job descriptions for all substantially redesigned posts at the D-1 level and above.

III. Proposed post classifications

9. A detailed report by the consultant, highlighting all major findings and includes comparative statistical data for all posts and revised senior position job descriptions, is available on the Executive Board website as annex 2. The 200-page technical report on the post classification outcome, including detailed information on how classification decisions were reached for each post, is available on the Executive Board website as annex 3. A summary is provided in the table below.

Summary of approved posts and proposed reclassifications

Grade	Approved	Proposed	Change
ASG	1	2	1
D2	1	8	7
D1/L6	18	21	3
P5/L5	45	41	(4)
P4/L4	43	52	9
P3/L3	60	56	(4)
P2/L2	25	13	(12)
Total:	**193**	**193**	**0**

10. The consultants found that the pattern of UNOPS post classifications does not reflect the typical distribution for an organization of its size. In particular, they noted deficiencies at the strategic management level, in critical oversight functions, and at the policy formulation level.

11. Outside headquarters, it is proposed that all regional directors (except the one for Europe) be upgraded to D-2 and their deputies to D-1. This includes the regional offices

for Africa, Asia and the Pacific, Latin America and the Caribbean, and the Middle East, as well as the North America office, which, in addition to operational responsibility for the growing programme of services to the United Nations Secretariat and other New York-based entities, is responsible for Executive Board liaison work and the representation of UNOPS in the many New York-based meetings devoted to United Nations reform and coordination.

12. The proposal includes upgrading, to the D-1/L-6 level, the Operations Centre directors for the Democratic Republic of Congo, Haiti and Peru, and downgrading the Operations Centre director for Sri Lanka from D-1 to P-5. The Operations Centre director positions in Kenya and Senegal are proposed for upgrade to P-5/L-5. This is due to the complexity and size of the UNOPS programmes in those countries. At the regional level, it is proposed that the senior finance position be consistently placed at P-4 or P-5 level, whereas the senior human resources and procurement posts have been classified at P-4.

13. At headquarters, the most significant changes in senior professional positions include upgrades to D-2 of the controller, the human resources director and the procurement director posts, in order to strengthen the strategic leadership of those three core functions. Several other positions in the same functional areas are upgraded to enhance policy and oversight capacity to the required levels. Another significant proposal is to upgrade the head of internal audit to D-1, and to upgrade two other professional positions in the area, to respond to the increased scope of audit responsibilities, which now includes strategic business risk assessments.

14. The deputy executive director plays a central role in the organization as chief operating officer, providing operational oversight of all regional offices and the key functions at headquarters. It should be noted that the deputy executive director represents UNOPS in senior management meetings with partner organizations and participates actively in the sessions of the United Nations High-Level Committee on Management. While – as the consultants point out in their report – there is no formal classification process established for an Assistant Secretary-General (ASG) post, it is clear that all comparable United Nations organizations assign this level to their deputy heads. For instance, the United Nations Children's Fund and the World Food Programme (which are a little larger than UNOPS in terms of business volume and personnel numbers) each have three deputy executive directors at the ASG level, while UNFPA (which is somewhat smaller than UNOPS based on the above criteria) has two deputy executive directors at the ASG level.

IV. Financial implications and implementation of results

15. Concomitant with the reversal of the negative financial trend (eight consecutive years of losses followed by three years of surpluses – 2006, 2007 and 2008), the biennial administrative budget expenditures have been kept under control. The UNOPS ratio of administrative to project budget expenditure has steadily decreased, from a peak of 10.8 per cent in the 2000-2001 biennium to 5.8 per cent in the 2006-2007 biennium, and only 5.1 per cent, to date, in 2008 (see annex 4, available on the Executive Board website).

16. Due to its fully self-financing status, UNOPS seeks no external funding to cover the cost of the proposed post upgrades. In accordance with the harmonized budget format used by UNDP and UNOPS for submissions to the Executive Board, the funding for these posts comes from 'other resources'. Furthermore, the number of approved posts funded from the biennial administrative budget in 2008-2009 will remain unchanged at 391.

17. As can be seen from the terms of reference (available on the Executive Board website) and from the present report, UNOPS has reviewed all international positions for which external consulting expertise was of crucial importance. The next stage of the process will be to conduct a similar exercise for the 198 national staff positions funded from the biennial administrative budget.

18. The spreadsheets identified as annex 5 on the Executive Board website show all the proposed changes (upgrades and downgrades) broken down by business unit and post grade.

19. The total budgetary implications of the proposed changes with regard to the 193 international posts are estimated to be $1,045 million in 2009 (assuming a 'worst-case scenario', where all the grade changes are implemented as of 1 March 2009), representing an increase of just 1.7 per cent over the total approved 2009 biennial administrative budget. The corresponding financial implications for the 2010-2011 biennium are estimated to be $2,700 million. In order to provide the most accurate and realistic picture of the proposed changes, all calculations are based on post-by-post data rather than the standard global pro-forma cost averages. The estimated net effect of possible future upgrades in the general service category (198 approved posts) should not exceed $80,000 for the entire organization in 2009 and $200,000 in the 2010-2011 biennium.

20. The Executive Director is confident that the financial implications of UNOPS post reclassifications will not negatively affect the ability of the organization to meet the net revenue targets set by the Executive Board for the 2008-2009 biennium. Based on the UNOPS financial and operational performance after the first ten months of 2008, the net revenue target for the present biennium – $13,834 million – should be comfortably surpassed even after factoring the proposed post reclassifications. Similarly, UNOPS is solidly on track to reach the operational reserve replenishment target for the 2008-2009 biennium – set at $36,147 million – ahead of schedule.

21. Reclassification is, at its core, a pragmatic business decision. Therefore, approved changes will take effect only when it is determined by the Executive Director that doing so would not jeopardize the financial viability of the organization or its status as a going concern. Financial health is and will remain the paramount objective of management, and the Executive Director may choose to adopt a phased implementation approach, whereby the upgrades of some posts are delayed for operational or financial reasons.